

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Marshall & Ilsley Corporation

Point of Contact:	John E. Brewster	RSSD: (For Bank Holding Companies)	3594612
UST Sequence Number:	39	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	1,715,000,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	1,715,000,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	November 14, 2008	City:	Milwaukee
Date Repaid ¹ :	7/5/2011	State:	Wisconsin

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

M&I extended approximately \$1.772 billion of new credit to new and existing customers from 1/1/11 through 6/30/11. "New credit" includes new and expanded extensions of credit, or commitments to extend credit, as well as renewals of existing credit where a new note was executed.

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☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

☐ Increase securities purchased (ABS, MBS, etc.).

☒ **Make other investments.**

M&I invested in its customers and communities through its Homeowner Assistance Program (discussed below). M&I also invested in its customers and communities through qualified investments under the Community Reinvestment Act.

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<input type="checkbox"/>	Increase reserves for non-performing assets.
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<input type="checkbox"/>	Reduce borrowings.
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<input type="checkbox"/>	Increase charge-offs.
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☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

To the extent M&I down-streamed its CPP funds into its bank charters, these capital injections allowed the bank charters to maintain their regulatory capital levels well above well-capitalized thresholds.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Similar to other healthy institutions selected to participate in the CPP, the infusion of CPP funds enabled M&I to avoid entering the debt and equity markets at a point in time when the markets were effectively closed to new issuances. In addition, the CPP funds helped M&I to prudently fund borrowings to existing and new customers.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

To the extent M&I down-streamed its CPP funds into its bank charters, these capital injections allowed the bank charters to maintain their regulatory capital levels well above well-capitalized thresholds. These capital contributions in turn enabled M&I's subsidiary financial institutions to continue to prudently lend during difficult economic times. M&I extended approximately \$1.772 billion of new credit to new and existing customers from January 1 through June 30, 2011, and a total of over \$12.6 billion from the infusion of CPP capital in mid-November 2008 through June 2011. "New credit" includes new and expanded extensions of credit, or commitments to extend credit, as well as renewals of existing credit where a new promissory note was executed. Loans were originated in the areas of commercial and industrial lending, commercial real estate lending, mortgage lending (including loans originated for sale in the secondary market), and consumer lending. In addition to the extension of new credit and refinancing of existing customer needs, M&I established a foreclosure moratorium and expanded its Homeowner Assistance Program. The moratorium was announced on December 18, 2008, as part of M&I's Homeowner Assistance Program and was in place through June 30, 2011. The moratorium applied to all owner-occupied residential loans in all of M&I's markets for customers who agreed to work in good faith with M&I to reach a successful repayment agreement. M&I's Homeowner Assistance Program also featured streamlined assistance programs for potentially distressed homeowners who were identified in advance and pro-actively offered assistance. In addition, if a customer contacted M&I and had a known hardship, M&I reviewed their financial situation and attempted to find a viable solution for the customer. M&I also had information available in its branches encouraging customers experiencing a hardship to contact us. It also offered a foreclosure abatement program that featured several refinancing options, including term extensions and reduced rates that could be used, as necessary and applicable, to reduce monthly payments.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

As noted above, the CPP funds supplemented M&I's already strong capital base, to enable M&I's subsidiary financial institutions to continue to make prudent safe and sound loans through the difficult economic cycle and to meet the needs of existing and new customers and its communities. The communities and customers M&I serves continued to be impacted by the condition of the economy. However, M&I continued to promote its lending, including in the areas of small business and consumer lending. In addition, while demand for credit declined, M&I continued lending to new and existing customers, such as in the areas of commercial and industrial lending, commercial real estate lending, mortgage lending (including loans originated for sale in the secondary market) and consumer lending. M&I also continued its participation in various housing and economic development initiatives that assisted low and moderate income individuals, seniors, and people with special needs, in both rural and urban areas. M&I's efforts contributed to the development of hundreds of affordable housing units.